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C O N F I D E N T I A L SECTION 01 OF 03 PRAGUE 001657

SIPDIS

FOR EUR DAS MARK PEKALA

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [EZ](#)

SUBJECT: SCENESETTER FOR EUR DAS PEKALA'S VISIT TO PRAGUE

Classified By: Ambassador William Cabaniss for reasons 1.4 b+d

1. (C) Summary: Czechs this month marked the 16th anniversary of the Velvet Revolution. As you will see during your visit this week, the country has embraced a pro-transatlantic foreign policy, with the Czech government and NGOs playing a significant role in efforts to promote democratic transformation in Cuba, Belarus, Iraq and elsewhere. Czech military reform and integration into NATO is well advanced; the Czechs are still struggling to define their niche within the EU. Bilateral relations are healthy, with the question of visa waiver the only contentious issue. The Czech economy is performing very well, with 5% growth and strong investment inflows, despite incomplete structural reforms and persistent corruption. Foreign and economic policy will both be shaped by decisions made by PM Paroubek, whose attention is squarely on elections next June; Paroubek has already redrawn the political landscape by his decision to openly cooperate with the Communist party. We suggest your message during your meetings in Prague focus on three points:

(a) we applaud Czech efforts to foster democratic transformations in Cuba, Iraq, Belarus the Balkans and elsewhere; we want to coordinate and support these efforts.
(b) we appreciate Czech support for U.S.-led efforts in Iraq and Afghanistan, and our continued cooperation in the field of non-proliferation
(c) we are concerned that a more active Communist role in foreign policy (e.g., visits by North Korean and Iranian delegations) shows a puzzling lack of Czech resolve and will introduce irritants into our bilateral cooperation and reduce the active and positive role the CR is playing internationally.

The "bulldozer" remakes the landscape

2. (C) Since he took over as prime minister in April, Jiri Paroubek has repeatedly demonstrated that he deserves his nickname, the bulldozer. He has single-handedly turned around the fortunes of his Social Democratic Party (CSSD), bringing them nearly even with the opposition Civic Democrats (ODS). By dropping the long-standing taboo against openly working with the Communist Party (KSCM) at the national level, Paroubek has dramatically increased his power and bargaining room: he no longer needs to rely on the one-vote majority his formal three-party coalition government enjoys, but instead can fall back on the eleven-vote majority that CSSD and KSCM together can provide; he can push through legislation (like the new union-friendly Labor Code) that his center-right coalition partners oppose but his party's core voters want; and he can essentially ignore the threat that the Christian Democrats (KDU-CSL) will bring down his government (as it successfully brought down former PM Gross).

3. (C) Opinion polls show that Paroubek's nuanced approach to the third largest party in Parliament -- he will seek the votes of the KSCM, as he would from any party, but he refuses to "formally" cooperate with them (i.e., form an actual coalition) until they reform (primarily by renouncing the crimes of the past and accepting the primacy of transatlantic relations in Czech foreign policy) -- has not cost him any support. Of note: even a committed anti-communist like former President Havel has made clear that he is not opposed to what Paroubek is doing. While the November 17 celebration of the 16th anniversary of the Velvet Revolution brought passionate debate about the Communist party and its legacy, Paroubek clearly feels vindicated in his approach. Last week brought the first sign that Paroubek may have found the limit in how far he can push, when he quickly backed down from a suggestion that the time had come to rescind the Lustration Law that prevents former secret police officials from filling public sector positions.

What the Communists mean for us

4. (C) Paroubek is described as having a pragmatic, rather than principled, approach to governance. He, and many other senior officials, have assured us repeatedly that whatever political deals Paroubek may cut with KSCM in order to pass

bills on social and economic policy, the CSSD will deal only with its coalition partners or ODS on foreign and security policy. However, we have already seen examples of where Paroubek's cooperation with KSCM had a foreign policy impact. Specifically, last month a DPRK parliamentary delegation visited the CR at the invitation of KSCM Chairman Filip; the delegation visited the Temelin nuclear power plant despite strong objections from the USG and Czech MFA. This week Filip is bringing a group of Iranian parliamentarians to Prague and has tentatively secured a meeting for them with the First Deputy Foreign Minister (a CSSD appointee). During a lunch meeting on November 17, Ambassador told Paroubek that the USG is concerned about the increasing influence of KSCM on foreign policy, as well as their role in promoting economic policy measures that will hurt the investment climate. We need to continue to reinforce this message, so that the pragmatic prime minister realizes there is a cost to his political approach.

A small transatlantic friend

15. (C) With the notable exception of the KSCM and a few of the most left-leaning members of CSSD, there is broad agreement across the Czech political spectrum about the importance of transatlantic relations. Likewise, with the notable exception of President Klaus and some (but by no means all) ODS members, Czechs broadly support the EU. Like other Central European states, the CR does not believe the two are incompatible; Czechs appreciate transatlantic ties as a way to balance their relations with Brussels, as well as for the values that they respect in U.S. foreign policy. As a small country, the Czechs are well aware of the need to prioritize their foreign and security policies, and they have identified goals that broadly support USG objectives. They have embraced military reform and specialization within NATO, distinguishing themselves for their NBC and special forces capabilities (the latter will be redeployed in Afghanistan next year). While participating in ESDP (Czechs and Slovaks recently announced they will form their own battlegroup), they have made NATO their clear priority. They have maintained a small but steady presence in Iraq, with nearly 100 military police training Iraq forces near Basra (extension of the deployment for next year is expected to pass easily in December, given the support of the opposition ODS). They give priority focus to the Balkans, where the Czechs have troops in both Bosnia and Kosovo (in the latter leading the multinational brigade in the central region). Government assistance is designed to strengthen civil society in the Balkans, Iraq, Cuba and other countries in transition. Unfortunately, their goal of engaging internationally is not always matched by success in influencing CFSP decisions in Brussels. We can help by encouraging the Czechs to play better and smarter in Brussels.

Czechs know something about transformational diplomacy

16. (C) One legacy of the forty year struggle against Communist dictatorship, and then of the long tenure of Vaclav Havel as president, is that support for democracy and freedom is a core principle of Czech foreign policy. Foreign Minister Svoboda is an ardent supporter, as is his former deputy Petr Kolar, who assumes his duties as Czech Ambassador to the U.S. this week. The two established a "Transformation Cooperation Unit" within the MFA, that funds programs to support civil society and democratic opposition in Cuba, Belarus, Iraq, and the Balkans, with secondary focus on Moldova and Burma. The MFA cooperates closely in this effort with Czech NGOs, notably People in Need, the largest Czech NGO, whose former director, Tomas Pojar, recently replaced Kolar as Deputy Minister for Bilateral Relations. Beyond their direct assistance, the Czechs try to use their diplomacy to influence EU and UN decisions to support reform, most famously their efforts to maintain an EU common position that supports Cuban peaceful opposition by inviting dissidents to national day celebrations. Former President Havel supports the government effort, through his own work on Cuba, and through inspirational messages he sends, for example to support protesters during last year's Orange Revolution. We are coordinating with the Czechs through USAID (jointly supporting radio broadcasts to Belarus, for example) and in other ways, but can always do more. With the possibility that Czech foreign policy could becoming more "pragmatic," USG encouragement and support for Czech efforts can help bolster the position of Svoboda and others.

Just how pragmatic will it get?

17. (C) Paroubek wants Czech foreign policy to promote business interests; there is already an emphasis on rehabilitating economic ties with Russia and other countries

to the east. But China is Paroubek's current focus. After leading a large trade delegation to China in the fall, Paroubek invited Premier Wen Jiabao to visit Prague in early December. The MFA reports tremendous pressure to finalize a new economic agreement in advance of the visit, despite concerns that some of the Chinese demands would run afoul of EU rules. Many Czechs (not least MFA staff) were surprised that Paroubek's visit to Beijing included no significant mention of continued human rights abuses, and this is not expected to be a prominent topic next month in Prague.

18. (C) Perhaps a stronger test of just how pragmatic Czech foreign policy will become is the EU arms embargo on China. According to the MFA, it was only the Czechs and the Danes that prevented the arms embargo from being lifted earlier this year; Czech policy has long urged that the embargo cannot be lifted absent three steps: some human rights improvement, a secure toolbox, and an effective EU dialogue with strategic partners, including the U.S. MFA staff have told us that the Czech position would eventually have to yield to a concerted EU push on this, although with the issue largely dormant for the bulk of Paroubek's time in office the policy itself has not been tested. Another test is continued Czech coordination on broader non-proliferation goals, notably the VERA-E passive surveillance system. Two years ago the Czechs pulled the plug on a planned VERA-E sale to China, at USG request, and they have since cooperated with us to prevent sales to countries of concern. We need to show our appreciation, and to work closely with the Czechs, to prevent the commercial pull of these sales from outweighing the non-proliferation concerns.

Visas and visits

19. (C) Committed Czech transatlanticists -- lamenting the inevitable increasing influence of the EU, the general popular disinterest in international affairs and lack of first-hand knowledge about the U.S., and the threat posed by pragmatic policymakers -- are not shy about telling U.S. officials that tangible signs of U.S. appreciation for Czech efforts would facilitate their task of keeping Czech foreign policy consistent. They believe that changing U.S. visa policy for Czechs is far and away the one area that would make a positive impact: ideally adding the CR to the visa waiver program, or at least reducing fees or otherwise making noticeable "improvements" in the application process. Happily, officials like FM Svoboda and new Ambassador Kolar realize that, regardless of the state of Czech preparedness for visa waiver, Congressional action on this is not in the cards at this point; they agree that the most important thing is for the two governments to make progress on the Visa Roadmap, through the Bilateral Consular Working Group (which will next meet on December 7). However, most Czechs -- including some MFA staff -- are not as reasonable. After visas, Kolar and others believe that bilateral visits can best strengthen the position of FM Svoboda and other supporters of current foreign policy. The MFA would like Svoboda to call on Secretary Rice early next year, when he visits the U.S. to formally open a new Czech Consulate in Chicago. You can expect to hear about both of these issues during your visit.

CABANISS